

AMENDED IN SENATE JUNE 16, 2005

AMENDED IN ASSEMBLY APRIL 12, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 587

Introduced by Assembly Member Negrete McLeod

February 16, 2005

An act to amend ~~Sections 22874 and 22876~~ *Section 22844* of the Government Code, relating to public employees' health benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 587, as amended, Negrete McLeod. Public employees: health benefits.

The Public Employees' Medical and Hospital Care Act requires the Board of Administration of the Public Employees' Retirement System to approve health benefit plans for certain public employees and annuitants, and authorizes the board to contract with carriers offering health benefit plans. The act prohibits employees, annuitants, and family members who become eligible on or after January 1, 1985, for Part A and Part B of Medicare from enrolling in a basic health benefit plan.

This bill would further prohibit employees, annuitants, and family members enrolled in a prescription drug plan under Part D of Medicare from enrolling in a board-approved health benefit plan, unless enrolled in an approved Medicare Advantage plan.

~~The Public Employees' Medical and Hospital Care Act requires the Board of Administration of the Public Employees' Retirement System to approve health benefit plans for certain public employees and annuitants, and authorizes the board to contract with carriers offering health benefit plans. Pursuant to that law, certain state employees who~~

~~become members of the system after January 1, 1989, may not receive any portion of the employer contribution payable for annuitants unless the employee is credited with 10 years of state service at the time of retirement.~~

~~This bill would revise that provision of law to specify the percentage of employer contributions payable for postretirement health benefits for those state employees. The employer contributions would range from 50% for an employee with 10 years of service to up to 100% for an employee with 20 or more years of service.~~

~~The Public Employees' Medical and Hospital Care Act provides that, notwithstanding a specified definition of "state service" and the exclusion of specified employees of the California State University or the Legislature, for purposes of meeting certain vesting requirements, employees of the Cities of Rubidoux and Coachella who become employees of the state on or before December 31, 1990, as a result of the state's assuming firefighter functions of the city, shall be credited with state service.~~

~~This bill would revise that provision of law to specify that it applies notwithstanding another provision's limits imposed on the receipt of state service credit by employees of a public agency for which the state has assumed a public agency function.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 22844 of the Government Code is
2 amended to read:

3 22844. (a) Employees, annuitants, and family members who
4 become eligible to enroll on or after January 1, 1985, for Part A
5 and Part B of Medicare may not be enrolled in a basic health
6 benefit plan. If the employee, annuitant, or family member is
7 enrolled in Part A and Part B of Medicare, he or she may enroll
8 in a Medicare health benefit plan. ~~This~~

9 (b) *Employees, annuitants, and family members enrolled in a*
10 *prescription drug plan under Part D of Medicare may not be*
11 *enrolled in a board-approved health benefit plan. This*
12 *subdivision does not apply to an individual enrolled in a*
13 *board-approved Medicare Advantage health benefit plan offered*
14 *under this part.*

(c) This section does not apply to employees and family members that are specifically excluded from enrollment in a Medicare health benefit plan by federal law or regulation.

~~SECTION. 1. Section 22874 of the Government Code is amended to read:~~

~~22874. (a) Notwithstanding Sections 22870, 22871, and 22873, a state employee, defined by subdivision (e) of Section 3513, who becomes a state member of the system after January 1, 1989, may not receive any portion of the employer contribution payable for annuitants unless the person is credited with 10 years of state service at the time of retirement. This section shall apply only to state employees that retire for service. For purposes of this section, "state service" means service rendered as an employee of the state or an appointed or elected officer of the state for compensation. Notwithstanding Section 22826, for purposes of this section, credited state service includes service to the state for which the employee, pursuant to Section 20281.5, did not receive credit.~~

~~(b) The percentage of the employer contribution payable for postretirement health benefits for an employee subject to this section shall be based on the completed years of credited state service at retirement, as shown in the following table:~~

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Credited Years of Service	Percentage of Employer Contribution
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

~~(c) This section does not apply to employees of the California State University or the Legislature.~~

1 ~~SEC. 2. Section 22876 of the Government Code is amended~~
2 ~~to read:~~

3 ~~22876. (a) For the purpose of meeting the vesting~~
4 ~~requirements of Section 22873, employees of the County of~~
5 ~~Mereed who became employees of the state as a result of the~~
6 ~~state's assuming firefighting functions for that county shall be~~
7 ~~credited with state service for each completed year of service~~
8 ~~with the county that would have been credited by the county for~~
9 ~~the vesting of postretirement health benefits. The definition of~~
10 ~~"state service" does not apply to employees of the County of~~
11 ~~Mereed who became employees of the state as a result of the~~
12 ~~state assuming firefighting functions for the county on or before~~
13 ~~August 1, 1988.~~

14 ~~(b) Notwithstanding Section 22875.5, for the purposes of~~
15 ~~meeting the vesting requirements of Section 22873, 22874, or~~
16 ~~22875, employees of the Cities of Rubidoux and Coachella who~~
17 ~~become employees of the state, on or before December 31, 1990,~~
18 ~~as a result of the state's assuming firefighting functions for the~~
19 ~~city, shall be credited with state service for each completed year~~
20 ~~of service with the city. The city shall identify those employees~~
21 ~~and provide the corresponding service credit information to the~~
22 ~~board.~~

23 ~~(c) No employee whose firefighting function was transferred~~
24 ~~to the state after December 31, 1990, shall receive credit toward~~
25 ~~postretirement health benefits vesting unless the former employer~~
26 ~~agrees to reimburse the state for the costs of that credit in~~
27 ~~accordance with Section 22875.5.~~